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# AUTOMOTIVE MARKETING

The Marketing Business Magazine For The Retail Aftermarket

SEPTEMBER 1989

# SEEKING HELP

## FOR THE RETAIL AFTERMARKET

What Can The Aftermarket Do About The Employee Shortage? Several Ways To Overcome The Problem

**The Big Chill:** Will Fall/Winter Sales Be Cool, Or "Cool"?

**Market Line:** A Look At The Oil Filter Market's Big Players

**New!** See *AM's* Exclusive *Popular Mechanics* Insert: Product Previews

Chilton's
# AUTOMOTIVE MARKETING

a Chilton publication

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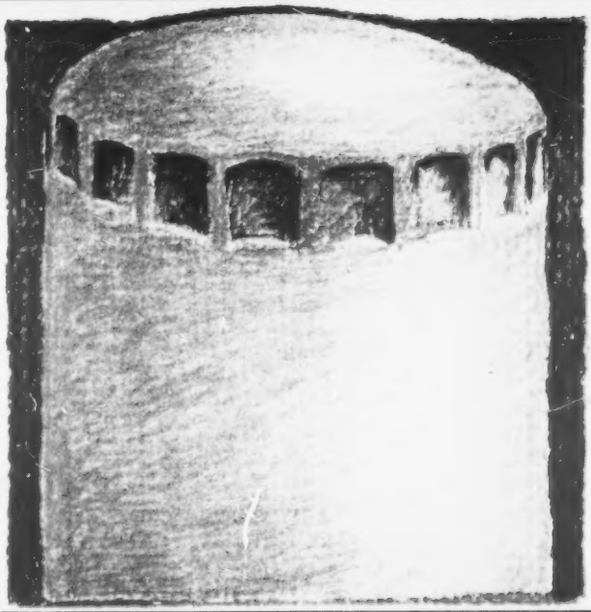

Who Are The Big Oil Filter Players? See Our First In A Series On Commodity Products In Market Line, Page 18

## FEATURES

**1989 Employment Survey: Is Good Help Hard To Find?** 33
Aftermarket retailers tell us it is still hard to find good help. But, are they looking hard enough?

**How To Be A Better Employer** 38
Want better employees? Try being a better employer. Here's how to do it.

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What's ahead, cold sales or cold weather? The signs are mixed.

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# PUBLISHER'S NOTES

### WHAT'S IN STORE?

Life would not be exciting or challenging if we knew all things in advance.

But, *AM* brings you a glimpse of the near future for a key industry event – the coming Fall/Winter selling season. What will it hold for the automotive retailer? How will the economy and the weather, both unpredictable, affect the market? Research Editor Phil Katcher's article analyzes the variables and reports what retailers expect.

The employee supply is another uncertainty facing us. Managing Editor Gail Krueger-Nicholson and Editorial Intern Tracey A. Higgins surveyed *AM's* Retail Panel to determine their hiring practices, and their views of the employee situation.

Contributing Editor David A. Evans advises employers anxious to improve their service bay employee situation to be a better employer. He offers some practical suggestions on just how to do it. The tips also work for other employees.

Have you heard about, and seen, *AM's* new exclusive *consumer* publication PRODUCT PREVIEWS? It's polybagged with this issue! It's a first for our market, and it reaches more than two million consumers through the October issue of *Popular Mechanics*. Count on *AM* – the innovative market leader! ■

Sarah J. Frankson
Group Publisher

# DETAILING THE MARKET

## IN-STORE FOCUS

**Twin "B" Auto Parts Inc.**
**Headquarters:** 528 S. Military Hwy., Virginia Beach, VA 23464. (804) 420-3342.
**Stores:** 29
**Total Corp. Sales:** $15,000,000 (est.)
**Average SKUs:** 13,000
**Founded:** 1974

One night in 1974, two longtime friends, still in their early 20s, decided to go into business together. Bill O'Connor, age 24, had been working at Sears for five years. His buddy Bob Graham did inventory control and warehouse work at Chesapeake Auto, a traditional jobber in southeastern Virginia. The two friends, using their savings, home equity, and a $40,000 90 day bank note, purchased Besso's Auto Parts, a one-store business in Portsmouth, VA. It was a dream come true – and then reality set in.

"We felt there was a lot of potential in the retail business for this store," explained O'Connor. "The parts counter couldn't have been more than 10' away from the door; everything else in the store was unpriced, in the back. The second time I ever walked into the store, I started running it. It was 1974, the worst year of my life."

With a lot determination, and a constant renewal of their bank note, the partners made the business work. "We felt there was a big market for the DIYer, because nobody was selling that segment at the time in our area," O'Connor said.

The store had been renamed Twin B after the initials of the two partners, Bob and Bill. In June 1975, exactly a year to the day after purchasing the first store, the partners opened another Twin B outlet in Norfolk, VA. And they kept on growing at the rate of three stores a year until the early 1980s.

As O'Connor explained it, they were growing so fast, they had no time to stop and take stock of the business or plan for any possible pitfalls that might lie ahead.

"In 1980, we joined two other guys and formed a warehouse," O'Connor said. "We were doing a great deal of business in accessories, and none of the traditional warehouses were attuned to that segment of the auto aftermarket. The warehouse, named Four Star, really helped us expand, because we were able to buy a little better, and control our distribution. Then in 1983, we purchased a controlling interest in Delmarva, a six-store traditional auto parts chain. They owned United Warehouse Distributors, also in Virginia Beach, and we bought this also. That immediately put us into the big time as far as warehousing goes."

"We were trying to be everything to everybody," continued O'Connor. "Our Twin B stores, our bread and butter, were becoming step children."

Things started to fall apart. As the economy tightened, it became harder to remain profitable and control all the different arms of the business successfully. "We had lost focus on what we did well," O'Connor frankly admitted.

In 1984, things came to a head. The partners closed some stores, moved the warehouse, cut the inventory to bare bones, and divested themselves of the trucking division and the Delmarva business. They went back to their strictly retail Twin B operations.

A business rift between the partners caused Graham to leave the business in 1987. O'Connor now owns a majority of the stock; a financial institution has a minority interest.

O'Connor had to make some very tough business decisions.

"We had been the biggest fish in a small pond for a long time," he explained. "We had gotten complacent. Then the major competition hit. Advance, out of Roanoke, VA, moved in. They opened eight stores in one year in our area; now they have 14. They had a plan, a mission. We did not. We knew we wanted to provide good courteous service. But that idea got lost as we developed tiers of management.

"The business wasn't feeling well. I had to take steps. Last year, I closed four stores. That's something my ego would never have let us do before. We put up a big sign – 'Open by Mistake.' We had opened five new stores last year, and closed four of them. But we have 29 stores today, and we're healthy."

O'Connor attributes that health to operations manager Roger Weber, who had been with the company nine years, first as a store manager, then as an area manager. "But his true talents for people motivation and organization were not yet recognized," O'Connor said. "Weber was promoted to operations manager and along with Fred DeLaCruz, our chief financial officer, helped us to come into the 1990s."

O'Connor describes Twin B this way, "We have a lot of 'onesies' in our stores. We're straddling the fence between the traditional jobber and the DIY retailer. Probably 60% of our dollar inventory is in hard parts. We are also heavy in chemicals and oil, and accessories. We feel we're real competitive on price points, and we've got aggressive advertising. And we'll replace anything that's brought back. This has worked; we rarely have customers abuse this policy. Who wants an unhappy customer, whether it's over a $2 part or a $200 part? We provide our customers with a wide selection of quality auto parts, and accessories and chemicals, at fair prices, with convenient neighborhood locations. We provide friendly, reliable service.

"We're doing much better," O'Connor added. "We've still got a little bit of adjustment to do, but it's much easier coming to work on Monday mornings now."

Bill O'Connor

## DETAIL

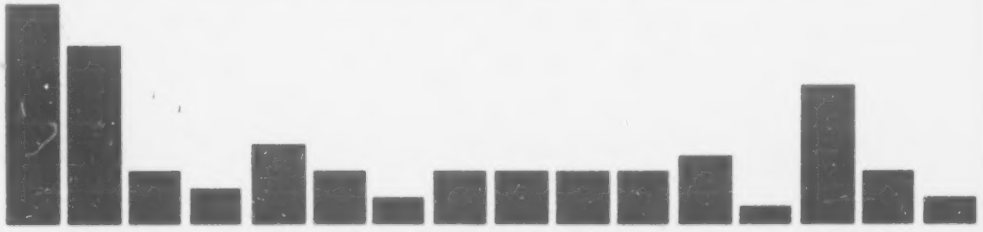
**6%**

of adults purchased an auto security system for their most recently purchased vehicle in 1988, up from 4% who had done so in 1984, according to Media Mark Research.

## PROFILE: BOOK/MANUAL BUYERS

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed wipers during the year prior to the study.

| | | | Age | | | | | Income | | | | Hours Per Month Spent On DIY | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | Male | Female | -25 | 25-34 | 35-44 | 45-54 | 55 + | -$20K | $20-30K | $30-40K | +40K | -1 Hrs | 1-5 Hrs | 6-10 Hrs | 11 + Hrs |
| 100.0% | 81.1% | 18.9% | 12.9% | 36.4% | 22.4% | 11.1% | 16.9% | 23.8% | 23.5% | 17.4% | 31.2% | 7.8% | 63.1% | 18.4% | 10.7% |



# MARKET LINE

## Facet And Fram Continue To Dominate The Oil Filter Market

About 300-310 million oil filters are sold annually for cars and light trucks. The price tag is slightly more than $1 billion retail. The filter market is growing at about 1-3% annually and breaks down to roughly half DIY and half professionally installed. Private labels and national brands share sales about evenly.

Five national suppliers account for more than 90% of all filter sales:

- Facet Automotive Filter Co./Purolator, Tulsa, OK.
- Fram Div./Allied Aftermarket Div., Allied-Signal, East Providence, RI.
- AC-Delco/GM Service Parts Operation, Detroit.
- Wix Filters (part of Dana Corp.), Gastonia, NC.
- Champion Labs, Albion, IL.

### The Leaders

Because of the large percentage of private label filters sold, consumer surveys do not accurately reflect the market shares of these suppliers.

For example, very few consumers would know what a Facet filter is, although some would recognize the Purolator brand name. Yet between Facet private label sales and Purolator brand sales, Facet/Purolator has about a 29%-33% market share, which makes it the largest single filter company.

Facet/Purolator is positioned well to benefit from market changes. Facet dominates the quick lube segment of the market. In fact, until very recently, Facet supplied Jiffy Lube, Minit-Lube and Valvoline Rapid Oil Change—the three largest quick lubes—with private label filters. However, when Pennzoil bought Facet/Purolator in 1988, Valvoline switched to Wix and Champion Labs for its private label.

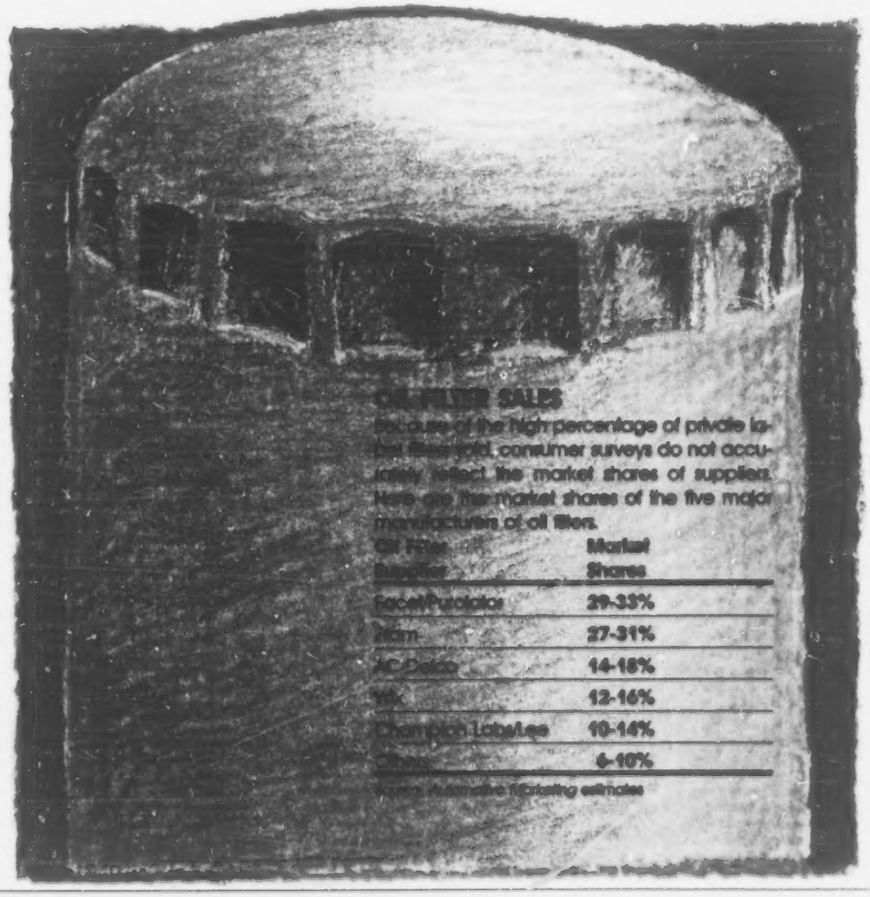
Starting from virtually nothing in 1980, quick lubes have secured about 10% of the total filter market in 1989. And while several quick lube chains have experienced financial troubles, the number of oil changes/filter replacements done at quick lubes continues to increase.

As one supplier put it, "The single most important factor impacting the oil filter market today is the quick lube market. Initially, it hurt the traditional service market, but now it's starting to be a real factor in DIY sales."

But selling quick lubes is a different ball game for filter suppliers. For one thing, since there are no appointments, when the customer drives in, the quick lube must have the correct filter or lose a sale. This means coverage. Since the quick lube has little storage space, the supplier must offer frequent deliveries in small quantities. In addition, the supplier can't charge a price comparable to a wagon jobber.

Facet was one of the first filter suppliers to the quick lubes and benefits from its knowledge of the market. It probably sells well over half of all quick lube installed filters. However, competitors note, as other filter suppliers look to the quick lubes market, and the market fragments a bit, Facet's share might erode.

Facet is also strong in retail through both private label and Purolator brand sales. Pennzoil's deep pockets could help push Purolator harder in the retail/jobber end. But the company's real strength is in private labels. Facet/Purolator dis-


OIL FILTER SALES
Because of the high percentage of private label filters sold, consumer surveys do not accurately reflect the market shares of suppliers. Here are the market shares of the five major manufacturers of oil filters.
Oil Filter Supplier
Market Shares
Facet/Purolator 29-33%
Fram 27-31%
AC-Delco 14-18%
Wix 12-16%
Champion Labs/Lee 10-14%
Others 6-10%
Source: Automotive Marketing estimates

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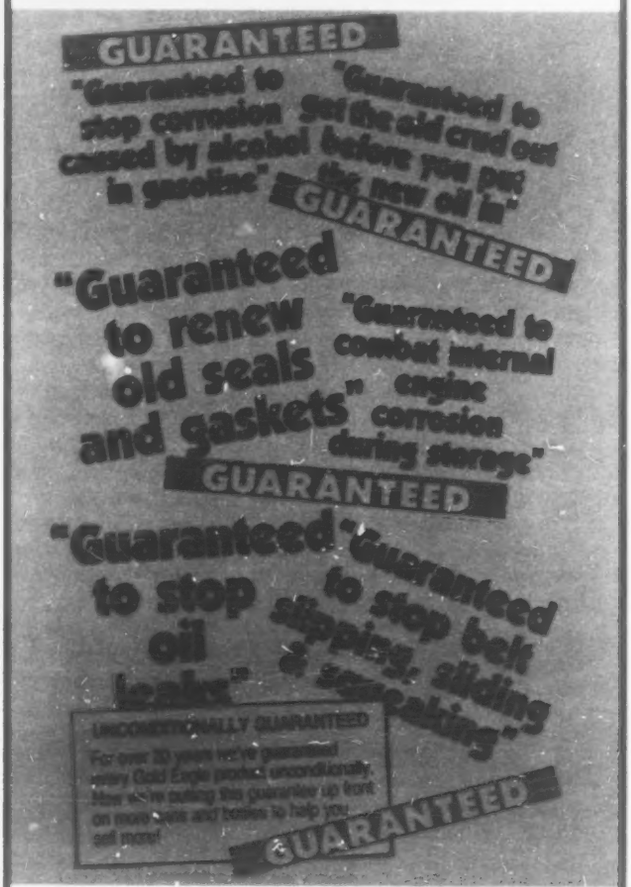
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# MARKET LINE

placed Champion Labs at K mart and displaced Wix at Sears (Facet also makes Champion Spark Plug brand filters which is Sears' first branded filter) in the past year to lock up both those retailers' private labels. The company also has a share of the Motorcraft business.

### Close To The Top

We put Fram at 27%-31% of the market, just a shade behind Facet/Purolator. Fram has the best brand awareness among consumers. The company is concentrated almost entirely in the retail segment, selling branded filters through auto chains and discount stores.

Although retailers account for about 40% of filters sold, it also means that retail problems are Fram problems. For one thing, profits are thin in retail sales. Skimming auto chain ads suggests that any consumer who pays more than $3 for an oil filter just isn't trying very hard. In fact, with rebates, we saw oil filters selling as low as 69-cents, and one supplier claimed a Miami chain was offering filters at a sale price, with rebate, of zero. "It's an addiction," one supplier admitted. "It's a self-perpetuating problem. One company gets more share with a big sale, and everybody responds."

Another said, "It's very depressing to know the engineering and manufacturing that go into an oil filter and see it priced at $2. It's very difficult to compete."

### The DIY Filter Market

All filter suppliers expect a decline in the DIY market. The only debate is whether the decline will be severe or slight. Believers in a severe DIY decline point to demographics, car complexity, convenience, and perhaps most important, increased government regulation of waste oil disposal as factors that force customers away from DIY and to the installer, particularly the quick lubes.

Those who see only a slight drop suggest that the convenience offered by quick lubes may not be as important a factor as some people think. "The typical DIYer is less affluent, is used to doing his own work, and usually has more than one car," said one supplier. "The convenience may be there, but it still costs $25 a car. For two or three cars that's a lot of money every four to five months."

Finally, there is parts proliferation. "It used to be," one supplier noted, "that the top ten numbers were 90% of sales. Now the top ten aren't even 60%." The number of oil filters needed for 80% coverage has grown to about 35-40 SKUs.

# MARKET LINE

In addition, retail auto chains want to expand filter coverage. "The positioning of the auto chains now is," one supplier said, "to advertise that whatever filter you want, we have or can get within 24 hours. They want to cover 100% of the models, not 80%. They're trying to dispel the attitude that retailers only handle the most popular numbers. Partly, it's because they have to compete with the retail jobber in hard parts. Partly, they want to differentiate themselves from stores like K mart."

**THE OIL FILTERS CONSUMERS KNOW**

Here are the leading consumer brands of oil filters as measured by Mediamark, New York.

| Oil Filter Brands | % Of Market Spring, 1989 |
|---|---|
| Fram | 27.7% |
| AC-Delco | 12.3% |
| Motorcraft | 9.2% |
| Pennzoil | 9.1% |
| K mart | 7.7% |
| Quaker State | 6.3% |
| Purolator | 5.0% |
| NAPA | 3.2% |
| Sears | 2.7% |
| Lee | 1.8% |

Source: Mediamark, New York. *Automotive Marketing* estimates.

And, coverage is getting harder. Traditionally, there were only two oil filter sizes: 3" and 3 5/8". But several of the newest import cars use a 2 5/8" oil filter. Suppliers currently source many import car filters overseas, but they all acknowledge the need to tool up and produce them domestically.

"The bad thing," said a supplier, "is that the Japanese are definitely going to use the downsized filter more and more. And, because of low volume and tooling up costs, these filters will cost about $4.99 when we start producing them. The problem is, DIYers look at the filter and it's damn small. It doesn't seem right to pay a premium price. And you can't retrofit the car with a bigger filter."

Expanded filter lines mean retailers must stock more branded products. Logically, a supplier like Fram should benefit. But as competitors are quick to point out, Fram already has the lion's share of retail business. Fram has gone about as far as it can go in retail sales.

**A Supplier In The Middle**

The number three supplier, AC-Delco, has about 14%-16% of the filter market.


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AC has brand awarness almost as strong as Fram thanks to General Chuck Yeager's TV commercials. The company spends about $4.5 million to push the product. In addition, there are some 60 million GM vehicles on the road, which make up a nice replacement market. With the GM connection, AC-Delco gets sales in all parts of the market, including the growing quick lube market. And, GM's move to increase its dealers share of the oil change market with its quick lube program can only help AC-Delco. Still, competitors say, the company has a job to do convincing people to use AC-Delco filters in non-GM cars and trucks.

But AC is the one company other suppliers worry about. AC has a lot of filter capacity and there are rumors that AC will offer private labels. But, as one supplier said, "Private labels are an awful lot of problems. The price points are not that favorable anymore. And if you have a strong brand in the market like AC, you may just trade sales, and trade down in revenue. I don't see it happening."

AC is a tough rebate competitor, offering $1.25 this Spring. Competitors said AC had done a fantastic job at K mart, and is pitching the major quick lubes for more brand sales.

Just as Fram dominates the retail market and Facet the quick lube market, Wix dominates the traditional market. Wix has about 12%-16% of the total filter market, the great majority of it from the WD, jobber, installer channel. While quick lubes are getting most of the attention, the traditional channel still accounts for about 35% of the filter market. The majority of traditional sales are wholesale to service stations and garages. Most suppliers expect this segment to increase slightly as installed sales go up. But the gain in wholesale may be offset by a drop in DIY sales by jobbers.

Wix sells private label filters to major programmed distributors such as NAPA, Big A, and Carquest, and branded filters to almost every major WD. To serve the traditional market, Wix has the longest line among filter suppliers (over 2,000 part numbers), and is very strong in heavy duty filters. In addition, a competitor noted, "They're slow and deliberate. They're not just opening lines. The company puts a lot of manpower in the field to push the line for WDs."

Several weaknesses are apparent to competitors. For one thing, Wix chooses not to play the discounting game. Thus, they've locked themselves out of retail sales. Competitors, who also forecast a sales gain from installer sales, are taking aim at Wix's hold on the traditional market. One said, "When you think about it, jobbers are competing with the same product. It's a pick and stick program, just paste-on labels. All three groups (NAPA, Big A, Carquest) have identical lines. You have to ask, will Wix be able to keep all those balls in the air?"

The smallest of the major suppliers is Champion Labs, with about a 10%-14% market share. Champion private labels for several major customers, sells Lee branded filters, and Champ and Ace, two secondary brands mainly sold through traditional installers.

Champion has also gained some interesting customers. The first is a new filter marketer, Security Filters, Richmond, VA, which started business this Spring. It will sell exclusively to quick lubes. John Goetschius, who previously ran Jiffy Lube's Heritage Merchandising, which sold filters and other merchandise to Jiffy Lube franchises, heads the firm.

The second is First Brands' STP, Danbury, CT. First Brands bought four quick lubes in Atlanta, and is building four more in Charlotte, NC. The company plans to build or buy several hundred quick lubes in the next couple of years. The STP Service Plus centers will sell STP oil filters (supplied by Champion Labs) and Sun motor oil. They will also offer Prestone flush and fill, and in some locations, automotive detailing. This will put First Brands (STP, Prestone antifreeze/coolant, Simoniz Wax) in competition with other oil marketers such as Pennzoil/Jiffy Lube, Quaker State Minit Lube, Valvoline Rapid Oil Change, and Texaco Oil Express.

Whether these new Champion Lab customers will help Champion sales remains to be seen.

Finally, we should note that imports have had little impact on the filter market (except at import OE dealers) simply because there's little price or quality difference. But foreign filter suppliers are moving to the U.S. to serve the transplant OE car makers. Tennex, Murfreesboro, TN (a subsidiary of Tsuchiya Mfg., Saitama, Japan), is supplying the Nissan plant in Smyrna, TN. Although strictly OE now, filter suppliers feel Tennex may soon sell to the aftermarket.

For oil filters, the key items to watch are whether quick lubes continue to open stores at a rapid rate, whether car dealers will secure any appreciable amount of new filter business, and whether more states regulate or curtail the disposal of waste oil, which will hurt DIY sales. ■

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# 1989 EMPLOYMENT SURVEY:

# IS GOOD HELP HARD TO FIND?

by Gail Krueger-Nicholson, Managing Editor & Tracey A. Higgins, Editorial Intern

Good aftermarket employees are hard to find. Whenever retailers look to fill openings in their stores for sales clerks, stock room helpers, countermen, or assistant managers, they say that their choices for potential employees are few and, for the most part, unsatisfactory.

This is not news, however. In 1988, *Automotive Marketing* took a detailed look at employment in the aftermarket and conducted a survey of its Retail Panel members. At that time, 71% of the Panel said good employees were hard to find. This year, we repeated the survey and found that 66% still feel the same way.

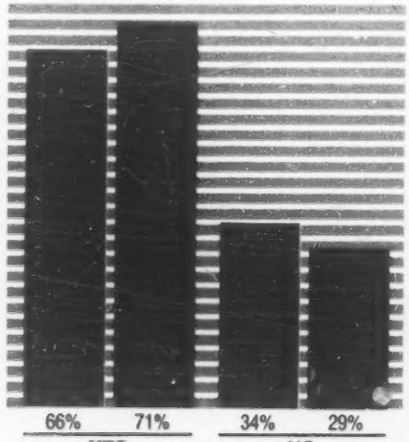
The news that our 1989 survey did uncover, however, is disturbing.

We found that despite concern about the quality of employees available to the aftermarket, hiring practices have not improved. In fact, in some ways, the aftermarket employers who replied to our 1989 survey seem less careful about how they hire and whom they hire than they did last year.

And, despite the fact that most Panel members agree that they "get what they pay for," they are still less able (or less willing) to pay competitive wages in 1989 than they were in 1988.

Some retailers tell us they are less selective because the pool of potential entry level employees has shrunk to a puddle in their areas. Others tell us that profits are being squeezed so hard that they simply cannot afford to hire the best employees possible. These retailers stay up nights worrying about keeping the good employ-

We asked our Retail Panel: "Do you have trouble hiring good, skilled sales clerks, stock room helpers, countermen, and assistant managers to work in your store?"




Source: 1989 & 1988 *Automotive Marketing* Retail Panel

**HOW MANY EMPLOYEES?**

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers work in your store?"

| | |
|---|---|
| Stores With 1 to 2 Employees | 11% |
| | 16 |
| Stores With 3 to 5 Employees | 28 |
| | 35 |
| Stores With 6 to 9 Employees | 25 |
| | 33 |
| Stores With 10 Or More Employees | 26 |
| | 16 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

**HOW MANY FULL-TIME?**

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers work in your store full-time?"

| | |
|---|---|
| Stores With 0 Full-Time Employees | 0% |
| | 5 |
| Stores With 1 to 2 Full-Time Employees | 33 |
| | 22 |
| Stores With 3 to 4 Full-Time Employees | 27 |
| | 30 |
| Stores With 5 to 6 Full-Time Employees | 16 |
| | 20 |
| Stores With 7 to 9 Full-Time Employees | 11 |
| | 9 |
| Stores With 10 Or More Full-Time Employees | 12 |
| | 7 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

■ 1989 ■ 1988

**HOW MANY MEN?**

We asked our Retail Panel: "How many of the sales clerks, stock room helpers, countermen, and assistant managers who work in your store are men?"

| | |
|---|---|
| Stores With 0 Male Employees | 2% |
| | 4 |
| Stores With 1 Male Employee | 8 |
| | 14 |
| Stores With 2 to 3 Male Employees | 29 |
| | 21 |
| Stores With 4 to 6 Male Employees | 24 |
| | 43 |
| Stores With 7 To 9 Male Employees | 20 |
| | 9 |
| Stores With 10 Or More Male Employees | 17 |
| | 9 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

**HOW MANY WOMEN?**

We asked our Retail Panel: "How many of the sales clerks, stock room helpers, countermen, and assistant managers who work in your store are women?"

| | |
|---|---|
| Stores With 0 Female Employees | 27% |
| | 26 |
| Stores With 1 Female Employee | 32 |
| | 31 |
| Stores With 2 to 3 Female Employees | 25 |
| | 33 |
| Stores With 4 To 9 Female Employees | 12 |
| | 5 |
| Stores With 10 Or More Female Employees | 3 |
| | 4 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

**HOW MANY MINORITIES?**

We asked our Retail Panel: "How many of the sales clerks, stock room helpers, countermen, and assistant managers who work in your store are Black, Hispanic, or some other minority?"

| | |
|---|---|
| Stores With 0 Minority Employees | 72% |
| | 71 |
| Stores With 1 Minority Employee | 5 |
| | 7 |
| Stores With 2 To 9 Minority Employees | 18 |
| | 10 |
| Stores With 10 Or More Minority Employees | 2 |
| | 3 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

**HOW MANY DID THEY HIRE?**

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers did you hire last year?"

| | |
|---|---|
| Stores That Hired 0 Employees | 32% |
| | 35 |
| Stores That Hired 1 Employee | 17 |
| | 19 |
| Stores That Hired 2 Employees | 19 |
| | 15 |
| Stores That Hired 3 Employees | 6 |
| | 9 |
| Stores That Hired 4, 5, Or 6 Employees | 10 |
| | 9 |
| Stores That Hired 7, 8, Or 9 Employees | 8 |
| | 1 |
| Stores That Hired 10 Or More Employees | 5* |
| | 9* |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
* In general, these were new store start-up.
Percentages may not total to 100% due to rounding and/or multiple answers.

ees they have, let alone hiring more.

These two factors—fewer good employees to chose from and fewer dollars to pay them with—have combined to produce a downward spiral in the quality level of aftermarket employees. To make it worse, this comes at a time when retailers face tough competition at all levels and cannot really afford to miss a beat on the sales floor or in the service bay.

Here, then, is a look at the state of employment in the aftermarket in 1989.

### Who Works In The Stores

The Retail Panel members who replied to our 1989 employment survey tell us that most of the people who work in their stores as sales clerks, stock room helpers, countermen, or assistant managers are young white males with high school educations. Only a few stores employ women or minorities. Some 27% of the Panel members report that they employ no women, and 72% report that they employ no minorities.

What do employers think of employees? In some cases, not much. Complaints about current employees range from the inability to make change to the inability to diagnose an automotive problem.

"Good people are hard to find. Most young people are not interested in the good of the store, only in bettering themselves," Frank Johnson, Lacey Automotive Parts Co., Soledad, CA, said.

"We have found that high school grads

### HOW MANY DO THEY PLAN TO HIRE?

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers do you plan to hire this year?"

| | |
|---|---|
| Stores That Plan To Hire 0 Employees | 32% |
| | 46 |
| Stores That Plan To Hire 1 Employee | 25 |
| | 15 |
| Stores That Plan To Hire 2 Employees | 16 |
| | 21 |
| Stores That Plan To Hire 3 Employees | 8 |
| | 3 |
| Stores That Plan To Hire 4 To 9 Employees | 6 |
| | 3 |
| Stores That Plan To Hire 10 Or More | 3 |
| | 4 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

### HOW DO THEY FIND NEW EMPLOYEES?

We asked our Retail Panel: "What do you do when you need to hire new sales clerks, stock room helpers, countermen, and assistant managers?"

| | |
|---|---|
| Put A Want Ad In The Local Paper | 28% |
| | 44 |
| Put A Help Wanted Sign In The Window | 11 |
| | 12 |
| Get Referrals From Current Employees | 32 |
| | 65 |
| Hire Relatives Of Current Employees | 9 |
| | 10 |
| Recruit At Local High Schools And Vo-Tech Schools | 16 |
| | 47 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

■ 1989 ■ 1988

don't even know how to count change back to the customers. We need to get back to the basics. We teach them ourselves," Terry W. Maupin, a Western Auto associate in Alamogordo, NM, said.

And, James Roell, Roell Automotive Inc. of Alexandria, MO, said, "Young people don't, as a majority, seem to care as much or know as much about the vehicles as in past years."

Not everyone has a complaint, however. Art Badgley, of Art's Precision Automotive in Godfrey, IL, said his one employee has been with him 40 years and that he has no complaints. Badgley will be 70-years-old this Summer.

### How They Are Hired

A majority of Panel members, 58%, said they intend to make at least one new hire this year, up from 46% last year.

### HOW LONG DO THEY INTERVIEW?

We asked our Retail Panel: "How long do you take to interview potential new sales clerks, stock room helpers, countermen, and assistant managers?"

| | |
|---|---|
| More Than 1 Hour | 2% |
| | 9 |
| At Least 1 Hour | 15 |
| | 15 |
| 30 To 40 Minutes | 29 |
| | 21 |
| 15 To 30 Minutes | 41 |
| | 44 |
| 15 Minutes Or Less | 12 |
| | 12 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

### WHAT JOB REQUIREMENTS DO THEY HAVE?

We asked our Retail Panel: "What requirements do you have when you hire new sales clerks, stock room helpers, countermen, and assistant managers?"

| | |
|---|---|
| Be At Least A High School Grad | 37% |
| | 56 |
| Be At Least A College Grad | 0 |
| | 0 |
| Needs No Previous Experience | 25 |
| | 28 |
| Needs At Least 1 Year's Experience In A Similar Job | 19 |
| | 24 |
| Needs At Least 1 To 5 Year's Experience In a Similar Job | 7 |
| | 15 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

### DO THEY HAVE JOB DESCRIPTIONS?

We asked our Retail Panel: "Do you have, and give, written job descriptions to potential new sales clerks, stock room helpers, countermen, and assistant managers?"

| | |
|---|---|
| Always | 20% |
| | 15 |
| Sometimes | 32 |
| | 35 |
| Never | 45 |
| | 47 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

### DO THEY TEST?

We asked our Retail Panel: "Do you give the following tests to potential new sales clerks, stock room helpers, countermen, and assistant managers?"

| | |
|---|---|
| Aptitude Test | 8% |
| | 12 |
| Job Skills Test | 17 |
| | 18 |
| Intelligence Test | 8 |
| | 10 |
| Drug Usage Test | 1 |
| | 1 |
| Lie Detector Test | 1 |
| | 5 |
| No Tests | 15 |
| | 54 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

### DO THEY HAVE ON-THE-JOB TRAINING?

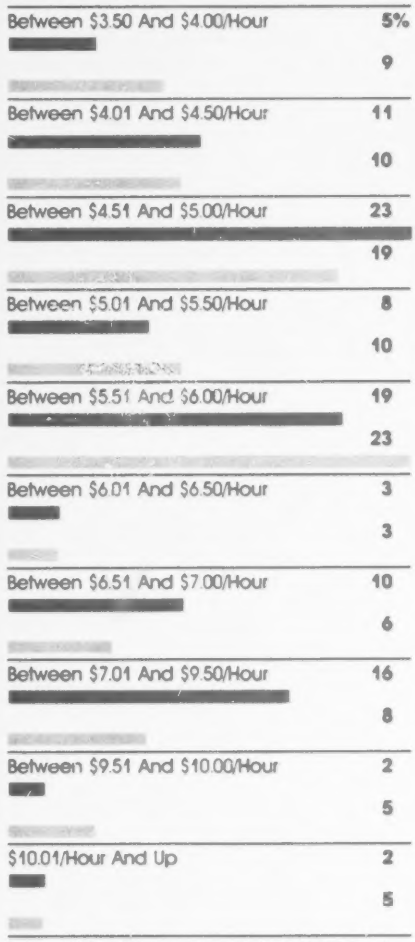
We asked our Retail Panel: "Do you give new new sales clerks, stock room helpers, countermen, and assistant managers any on the job training?" The answers of those who said yes ranged from complete company-sponsored programs to pairing up a new hire with an experienced worker.

| | |
|---|---|
| Yes | 83% |
| | 90 |
| No | 8 |
| | 10 |

Source: 1989 & 1988 *Automotive Marketing* Retail Panel

**HOW MUCH DO THEY MAKE?**

We asked our Retail Panel: "What is the average wage of the sales clerks, stock room helpers, countermen, and assistant managers you now employ?"

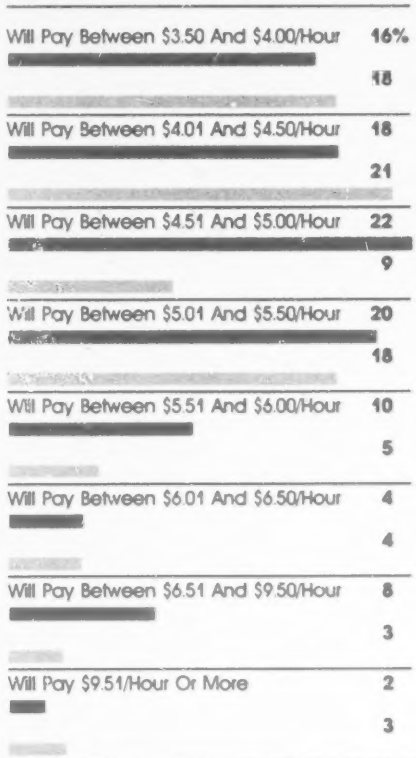

Between $3.50 And $4.00/Hour 5% 9
Between $4.01 And $4.50/Hour 11 10
Between $4.51 And $5.00/Hour 23 19
Between $5.01 And $5.50/Hour 8 10
Between $5.51 And $6.00/Hour 19 23
Between $6.01 And $6.50/Hour 3 3
Between $6.51 And $7.00/Hour 10 6
Between $7.01 And $9.50/Hour 16 8
Between $9.51 And $10.00/Hour 2 5
$10.01/Hour And Up 2 5

Source: 1989 & 1988 *Automotive Marketing* Retail Panel. Percentages may not total to 100% due to rounding and/or multiple answers.

■ 1989 ■ 1988

**HOW MUCH WILL EMPLOYEES MAKE AFTER SIX MONTHS?**

We asked our Retail Panel: "What will the wage of the sales clerks, stock room helpers, countermen, and assistant managers you hire be after six months on the job?"


Will Pay Between $3.50 And $4.00/Hour 16% 18
Will Pay Between $4.01 And $4.50/Hour 18 21
Will Pay Between $4.51 And $5.00/Hour 22 9
Will Pay Between $5.01 And $5.50/Hour 20 18
Will Pay Between $5.51 And $6.00/Hour 10 5
Will Pay Between $6.01 And $6.50/Hour 4 4
Will Pay Between $6.51 And $9.50/Hour 8 3
Will Pay $9.51/Hour Or More 2 3

Source: 1988 *Automotive Marketing* Retail Panel. Percentages may not total to 100% due to rounding and/or multiple answers.

However, they are much less pro-active in hiring practices in 1989 than they were in 1988. For instance, fewer employers from our 1989 survey put ads in the newspaper or ask for referrals from other employees than in 1988. Perhaps most significantly, only 16% of employers in 1989 said they would recruit at local high schools and vo-tech schools vs. 47% who did so in 1988. Employers seem content to let potential employees find their own way to the parts store in 1989.

When and if potential employees knock on the retailer's door, they are less likely to be interviewed in depth, less likely to be given a written job description, and less likely to be given an aptitude or skills test in 1989 than they were in 1988.

In fact, employers seem to have generally lowered their requirements for employees. Only 37% of employers said they require potential employees to have a high school education in 1989, down from 56% in 1988. And in 1989, 19% said they required at least one year's experience in a similar job; 24% required that in 1988.

The reason for this? "The job market has expanded while the supply of eligible prospective employees has become smaller," is how William Langer, of Molin Auto Parts, Orchard Park, NY, put it."

In simple terms, employers are just taking whomever they can get.

There are exceptions, however. Howard L. Delius, a Western Auto associate from San Antonio, TX, said, "We take about 20 applications to get one person to interview. We talk to schools to get more applications in our field."

And Steve Pope, of O'Reilly Automotive, Springfield, MO, said, "The low unemployment rate, lack of training programs specific to our industry, and a low average wage for our industry can mean employment problems. However, we train district managers to be on constant lookout for good employees. We work with local vo-tech school and colleges to meet our needs."

### The Problem Of Money

In 1989, as in 1988, the problem of finding and keeping good employees seems to be a matter of money. One unidentified employer told us simply, "I can't afford good help." Another added that there is not enough profit left in retailing to pay good people.

Other employers went into more detail about the problem. David Carter of Ken's Auto Parts, Mesquite, TX, said, "We don't pay enough and we work too many hours per week to get good employees."

Barbara J. Bishop of Oswego Auto Parts Inc., Oswego, NY, said, "We don't make enough profit to give the employees the amount of money they should have at today's expenses. Too many jobbers are price cutting; we are trying to buy better to give employees more money."

Maupin, the Western Auto associate from New Mexico, summed up the employment situation this way, "It seems we need to find better people but we cannot afford to pay the high wages needed. With competitors like K mart and Walmart, we have to pay like they do which is a minimum of $4 an hour. Then there are insurance and utilities, expenses which are up, and profits which are squeezed tighter and tighter. Let me know if you have any suggestions."

### What Employers Can Do

While there are no easy solutions to the employment problem, we do have a few suggestions. Even a quick review of our 1989 survey reveals some places where employers could improve their chances of getting and keeping good employees.

First, employers should revive efforts to recruit at high schools and vo-tech schools. Those who do so, like Pope, of O'Reilly Automotive, have less trouble filling entry level jobs and keeping employees than other employers.

In addition, recruiting women and minorities—two groups of potential employees that the aftermarket has neglected—could also enlarge the pool of prospective aftermarket employees.

Second, despite the lack of potential candidates, employers should consider strengthening job requirements. As Sherman Titens, president of the Fromm Institute and strategic planning consultant for AWDA, Kansas City, MO, told us last year, "If the idea is just to fill a job, you will only get job fillers for employees."

Third, employers should consider ways to pay their good employees better. Experts recommend using bonuses and incentives as alternatives to pushing up the overall pay scale.

The *Automotive Marketing* Retail Panel said that labor is a major area of concern for retailers. In all, 60% agreed with the statement: "It's going to be harder to find good help in 1989 than it was in 1988." And unless things change, the percentage of retailers agreeing with that statement is likely to rise. ■